

Message Text

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ACTION EUR-25

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USIA-15 TRSY-11 AID-20 CEA-02 CIAE-00 COME-00 EB-11

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SUBJECT: EXCHANGE OF INFORMATION ON INSURANCE MATTERS

REF: (A) STATE 056531, (B) OECD 8446, (C) OECD

DOCUMENT C(74)3

1. BEGIN SUMMARY. OECD COUNCIL ON APRIL 18TH UNABLE TO APPROVE INSURANCE COMMITTEE PROPOSAL FOR INSTITUTIONAL COOPERATION BETWEEN INSURANCE SUPERVISORY AUTHORITIES IN MEMBER COUNTRIES. MAIN REASON WAS COMPULSORY NATURE OF PROPOSED INFORMATION EXCHANGE, WHICH SEVERAL MEMBERS BELIEVED WOULD CONFLICT WITH DOMESTIC LAWS. ITEM WAS RETURNED TO INSURANCE COMMITTEE FOR FURTHER CONSIDERATION. END SUMMARY.

2. AUSTRALIAN REP TOOK LEAD IN ATTACKING COMPULSORY FEATURES OF PROPOSAL, SUGGESTING THAT INFORMATION EXCHANGES SHOULD BE VOLUNTARY RATHER THAN COMPULSORY. HE FELT THAT INSURANCE COMMITTEE HAD NOT DONE ITS HOMEWORK BEFORE BRINGING ITEM TO COUNCIL, SINCE IT WAS STILL UNLIMITED OFFICIAL USE

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CLEAR WHETHER COMPULSORY EXCHANGES WOULD CONFLICT WITH

LAW OF SOME MEMBER COUNTRIES. CANADA EXPRESSED WILLINGNESS TO COOPERATE ON VOLUNTARY BASIS, BUT COULD NOT ACCEPT COMPULSORY PROGRAM WITHOUT CHANGING ITS LAWS. GERMANY, TURKEY AND NEW ZEALAND ALSO ABSTAINED PENDING EXAMINATION OF DOMESTIC LEGAL SITUATION. U.S. INDICATED WILLINGNESS TO ACCEPT PROPOSED DECISION SUBJECT TO PROVISIONS OF ANNEX C OF CODE OF CURRENT INVISIBLES OPERATIONS (REF B, PARA 4). THUS, U.S. ALSO WOULD HAVE EXEMPTED ITSELF FROM COMPULSORY FEATURES OF PROPOSAL.

3. COUNCIL WAS DISPOSED TO ACCEPT AUSTRALIAN PROPOSAL TO RETURN ITEM TO INSURANCE COMMITTEE FOR FURTHER WORK, RATHER THAN ESTABLISH LIMITED PROGRAM AMONG CONSENTING COUNTRIES AS PROPOSED BY EXCOM CHAIRMAN (REF B, PARA 5). FORCE OF AUSTRALIAN DEL'S ARGUMENTS WAS SUCH AS TO DISCOURAGE THOSE COUNTRIES WHO EARLIER HAD INDICATED THEIR READINESS TO PROCEED ON LIMITED BASIS. ALTHOUGH INSURANCE COMMITTEE, PAYMENTS COMMITTEE AND EXECUTIVE COMMITTEE WERE ALL AGREED ON LIMITED PROGRAM, COUNCIL DECIDED THAT INSURANCE COMMITTEE SHOULD MAKE FURTHER EFFORTS TO RESOLVE LEGAL CONFLICTS AND BRING ABOUT WIDER ACCEPTANCE OF PROPOSAL. IN SUMMARIZING VIEWS OF COUNCIL, SECGEN URGED COUNTRIES TO GIVE REPRESENTATIVES ON INSURANCE COMMITTEE ADEQUATE AUTHORITY AND INSTRUCTIONS TO RESOLVE PRESENT IMPASSE.

4. COMMENT: IF COUNCIL HAD AGREED TO ESTABLISH LIMITED PROGRAM THERE MIGHT HAVE BEEN INCENTIVES FOR NON-PARTICIPANTS TO RESOLVE THEIR LEGAL DIFFICULTIES AND JOIN AT LATER DATE. NOW THAT PROPOSAL HAS BEEN RETURNED TO COMMITTEE, THERE WOULD APPEAR TO BE MUCH LESS INCENTIVE FOR SUCH COUNTRIES TO MAKE NECESSARY CHANGES IN LAWS. FUTURE OF COMPULSORY PROGRAM IS VERY MUCH IN DOUBT, AND INSURANCE COMMITTEE MAY DECIDE THAT BEST CHANCE FOR ACCEPTANCE WOULD BE TO REMOVE COMPULSORY FEATURES AND MAKE INFORMATION EXCHANGE VOLUNTARY.

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